

Message Text

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ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 /042 R

DRAFTED BY EB/FTD:AJWILLIAMS:CSH

APPROVED BY EB/FTD:AJWILLIAMS

USDA:GRATHELL

EA/PHL:RWILNER

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R 261818Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: COTTON CONTRACT PROBLEM

REF: (A) STATE 2566L2 (B) MANILA 15395

FOR AGRICULTURE ATTACHE

1. WE HAVE BEEN VERY CONCERNED BY SHORT SHIPMENT IN QUALITY WHICH ALLENBERG MADE TOLIRAGAND WHICH IS DISCUSSED PARA 3 REFTEL. ALLENBERG ADMITTED THAT QUALITY DIFFERED FROM CONTRACT IN THAT MICRONAIRE WAS 4 TO 5 POINTS BELOW CONTRACT SPECIFICATIONS, CLAIMING AT SAME TIME THAT VALUE OF CONTRACT WAS MAINTAINED SINCE GROWTH SHIPPED (MEMPHIS 1 3/32 INCH) WAS BETTER COTTON THAN CALLED FOR IN CONTRACT. SHIPPER CLAIMS, AND WE HAVE CONFIRMED, THAT THIS IS NOT AN UNUSUAL PRACTICE IN THE TRADES.

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2. NEVERTHELESS, WE POINTED OUT TO SHIPPER THAT CHANGE IN

MICRONAIRE WAS UNILATERAL AND VERY MUCH CONTRARY TO SPIRIT OF ASSURANCES. USUAL PRACTICE OR NOT, SUCH SUBSTITUTIONS UNQUESTIONABLY WORK HARDSHIP FOR MILL. WORSE STILL, SUCH SUBSTITUTIONS STRONGLY SUGGEST BAD FAITH AND CREATE ATMOSPHERE IN WHICH FULL GOP COMPLIANCE WITH ASSURANCES IS COMPROMISED. ALLENBERG ADMITTED PROBLEM AND STATED THAT LIRAG HAD BEEN ADVISED BY LETTER MONTH AGO OF SHIPPER'S WILLINGNESS TO SETTLE AMICABLY OR ARBITRATE. ALLENBERG PROMISED TO CONTINUE EFFORTS ALONG THESE LINES.

3. WE HAVE JUST BEEN NOTIFIED BY ALLENBERG THAT CLAIM HAS BEEN SETTLED AMICABLY AND THAT LIRAG WILL BE PAID DAMAGES OF 23,709 DOLLARS. WHILE WE REALIZE THIS DOES NOT FULLY ERASE EFFECT OF INCIDENT, VALUE OF CONTRACT WAS MAINTAINED AND INCIDENT SHOULD NOT FURNISH GOP REASON FOR NOT RESPECTING ASSURANCES. KISSINGER

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Disposition Authority: RowellE0
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Disposition Date: 28 MAY 2004
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Drafter: AJWILLIAMS:CSH
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Margaret P. Grafeld
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